

**MEMORANDUM OF UNDERSTANDING  
BETWEEN  
AIR FORCE CIVIL ENGINEERING SUPPORT AGENCY  
AND  
DEPARTMENT OF THE NAVY, NAVAL FACILITIES ENGINEERING COMMAND  
FOR  
THE ENERGY SAVINGS PERFORMANCE CONTRACT (ESPC) PROGRAM**

**I. PURPOSE**

This memorandum establishes organizational relationships, responsibilities, procedures and activities of the Air Force Civil Engineering Support Agency (AFCESA) and the Naval Facilities Engineering Command (NAVFAC) for managing and executing an Energy Savings Performance Contracting (ESPC) at Naval and Air Force facilities. The areas of responsibility and relationships presented herein will provide an effective management approach to support the accomplishment of energy conservation projects at Air Force and Naval facilities worldwide.

**II. BACKGROUND**

Executive Order 13123 established energy reduction goals for all federal facilities of 35% by the year 2010, adjusted to a 1985 baseline. Subtitle F, Title VIII, Sections 801-804 of the National Energy Conservation Policy Act and 42 USC 8287 authorize and encourage the use of performance contract for a term up to 25 years as a means to meet the energy reduction goals. Energy Savings Performance Contracting (ESPC) provides for the identification, design, acquisition, installation, testing, operation and, where appropriate, maintenance and repair of an energy or water conservation measure or series of measures at federal facilities worldwide.

An ESPC program creates contract vehicles wherein an Energy Services Company (ESCO) typically provides for the financing, design, construction, and maintenance for energy saving devices and systems. The contractor receives compensation out of the resulting energy cost savings and ancillary cost reductions. These contracts may be awarded for a term up to 25 years, and are financed by the ESCO with no capital cost to the Government. The ESCO may retain title to installed equipment until the expiration of the contract term, at which time title is transferred to the Government.

Both NAVFAC and AFCESA have executed ESPC Indefinite Delivery Indefinite Quantity (IDIQ) Contracting vehicles for the purpose of expediting energy projects at the various Naval and Air Force facilities worldwide. Other agencies within the Federal government may use these contracts to implement energy projects by issuing task orders against a basic contract.

### **III. DESCRIPTION**

NAVFAC currently has two (2) ESPC contracting vehicles outside the continental US (CONUS), under which the Air Force and other Department of Defense (DOD)/Federal agencies may issue delivery or task orders. One contract is in Japan, which includes Okinawa. The other covers countries of, Italy, Spain, Bahrain, Greece, Turkey, Egypt and The United Kingdom.

AFCEA has six (6) regional contracting vehicles, which can be used by the Navy facilities co-located on Air Force installations. The IDIQ contracts contain the terms and conditions generally applicable to all Federal agencies. Each project task order will include all agency specific requirements, terms and conditions and all project specific information.

Delivery/task orders can be negotiated, awarded, and administered by an Air Force Ordering Officer, utilizing the Navy ESPC IDIQ contracts, after a delegation of Ordering Authority has been approved by NAVFACCO and NAVFAC. Conversely, delivery/task orders can be negotiated, awarded and administered by NAVFACCO Ordering Officer, utilizing the Air Force ESPC IDIQ contracts, after a delegation of Ordering Authority has been coordinated through AFCEA, delegated by an Air Force Regional Contracting Officer and headroom is determined to be available. Task orders are developed in accordance with the requirements of the applicable contract and conditions set forth in this agreement.

The NAVFAC IDIQ contracts are single award contracts where an ESCO develops, and submits to the Government for approval, proposed energy conservation measures (ECMs) for a particular facility that will result in energy and cost savings to the Government. The Air Force regional IDIQ contracts cover all of the 50 US states and Korea (Osan & Kunsan). The ESCO develops, and submits to the Government for approval, proposed ECMs for a particular facility that will result in energy and cost savings to the Government. Upon acceptance of any of these proposals by the Government, the contractor provides the expertise, equipment, and services necessary to identify, investigate, document, design, install, and, if appropriate, operate and maintain the ECMs negotiated under the task order. The task orders are developed in accordance with the requirements of the applicable contract.

### **IV. OPTIONS FOR IMPLEMENTING ESPC PROGRAMS**

#### **OPTION A - Air Force Facilities utilizing NAVFAC ESPC:**

AFCEA will coordinate with NAVFACCO for an Air Force facility to use a NAVFAC ESPC IDIQ Contract. Under this option, the Air Force user facility will be responsible for all engineering, contracting, and administrative actions associated with issuing and implementing task orders under the contract.

AFCEA will ensure that facility staff members possess the authority and expertise required to develop, award, and administer task orders. NAVFACCO, through coordination with NAVFAC, will delegate ordering authority to a qualified Air Force Contracting Officer for the facility. The

Contracting Officer will then have the authority to issue and administer a contract task or delivery order. Upon request, NAVFACCO will provide assistance to Air Force ESPC team. The Navy will handle all modifications to the basic contract.

**OPTION B – Navy Facilities utilizing Air Force Regional ESPC:**

NAVFACCO will coordinate with AFCESA for a Navy facility to use an Air Force ESPC IDIQ contract. Under this option, the Navy facility will be responsible for all engineering, contracting, and administrative actions associated with issuing and implementing task orders under the contract.

NAVFACCO will ensure that facility staff members possess the authority and expertise required to develop, award, and administer task orders. AFCESA through coordination with the Regional Contracting Officer (RCO) will recommend delegation of ordering authority to a qualified Navy Contracting Officer for the facility. The Contracting Officer will then have the authority to issue and administer a contract task order. Upon request, AFCESA will provide assistance to the Navy ESPC team. The Air Force will handle all modifications to the basic contract.

**V. RESPONSIBILITIES**

The following paragraphs identify the primary responsibilities of the organizations involved in awarding the terms Task or Delivery Orders. This is designed as a collaborative process with involvement from appropriate parties at all stages.

**OPTION A - Air Force Facilities utilizing NAVFAC ESPC:**

**A. The Naval Facilities Contracting Office (NAVFACCO) will:**

- (1) Facilitate Air Force's use of the Navy's ESPC IDIQ contracts.
- (2) If necessary, modify the Navy contract so that the Air Force can issue task or delivery orders.
- (3) Transfer ordering authority to a qualified Air Force Contracting Officer.
- (4) Provide assistance to AFCESA and Air Force Ordering Officer upon request.

**B. The Naval Facilities Engineering Command, (NAVFAC) will:**

- (1) Perform annual review of AFCESA's ordering process with Navy ESPC Team.
- (2) Coordinate the issuance of the required Congressional Notifications.
- (3) Provide assistance to AFCESA and Air Force Ordering Officer upon request.

C. The U.S. Air Force Civil Engineer Support Agency (AFCESA) will:

- (1) Obtain Ordering Authority and coordinate awarding of task or delivery orders with NAVFACCO.
- (2) Coordinate on Congressional Notification letters for task or delivery orders greater than \$10M.
- (3) Provide Air Force policy guidance and award coordination support as required.
- (4) Ensure that the staff at the Air Force facility using Navy ESPC contract possesses authority and expertise to develop, award, and administer task or delivery orders.
- (5) Provide NAVFACCO copy of the task or delivery order (Reference FAR 52.216-18 Ordering) after issuance.
- (6) Provide oversight and ensure use of NAVFAC ESPC contracts comply with Navy and Air Force guidance and policies.

**OPTION B – Navy Facilities utilizing Air Force Regional ESPC:**

A. The U.S. Air Force Civil Engineer Support Agency (AFCESA) will:

- (1) Facilitate the Navy's use of the Air Force ESPC IDIQ contracts.
- (2) Coordinate with Regional Contracting Officer to modify each Air Force contract so the Navy can issue task or delivery orders.
- (3) Coordinate ordering authority with Regional Contracting Officer to qualified Navy Contracting Officer.
- (4) Conduct Air Force ESPC training.
- (5) Provide assistance to NAVFACCO and NAVFAC upon request.
- (6) Perform semi-annual review of the NAVFACCO's ordering process with Navy ESPC team.
- (7) Coordinate issuance of the required Congressional Notifications.
- (8) Provide copies of all task/delivery orders to RCO.

B. Air Force Regional Contracting Office will:

- (1) Transfer ordering authority to qualified Navy Contracting Officer.
- (2) Modify Air Force contract so that the Navy can issue task/delivery orders.

C. The Naval Facilities Contracting Office (NAVFACCO) will:

- (1) Obtain Ordering Authority and coordinate awarding of task or delivery orders with AFCESA.
- (2) Issue Congressional Notification letters for task or delivery orders greater than \$10M.
- (3) Provide Navy policy guidance and award coordination support as required.
- (4) Ensure that the staff at the Navy facility, using an ESPC contract, possesses authority and expertise to develop, award, and administer task or delivery orders.
- (5) Provide RCO through AFCESA a copy of the task or delivery order (Reference FAR 52.216-18 Ordering) after issuance.
- (6) Provide oversight and ensure use of AF ESPC contracts comply with AF and Navy guidance and policies.

## **VI. FUNDING, MANPOWER, SCHEDULE, AND REPORTING**

A. Funding: ESPC programs for individual Air Force facilities will be established at the request of AFCESA. ESPC programs for individual Navy facilities will be established at the request of NAVFAC. Each party will assume responsibility for staff costs for providing the services of their organization to the extent outlined in this MOU.

B. Manpower: No additional manpower spaces will be required from the other party. Each party will execute its responsibilities within the existing manpower authorization or will request additional manpower authorization through its normal allocation process.

C. Reporting: Under Option A, AFCESA shall ensure copies of all task orders awarded are provided to NAVFACCO and under Option B, the Navy shall ensure copies of all task orders awarded are provided to the RCO through AFCESA.

## **VII. EFFECTIVE DATE, AMENDMENT, AND TERMINATION**

A. This MOU becomes effective on the date of the later signature.

B. The parties to this MOU will meet or conference call periodically at the request of either party to review the provisions of this agreement. Any necessary additions, deletions, or changes shall be made in writing and signed by the signatories or their designated representatives.

C. This MOU will remain in effect until superseded or terminated by written mutual agreement. The provisions of this MOU will be reviewed by AFCESA and NAVFAC at the request of either party or every two-years. The review will occur within 60 days prior to each

two-year anniversary. Either party wishing to terminate this MOU shall submit a written notification with sufficient notice to prevent unreasonable disruption to the projects.

#### **VIII. ACCEPTANCE OF AGREEMENT**

##### **U.S. AIR FORCE**

Name: //SIGNED  
James R. Einwaechter

Title: Executive Director

Date: 5 June 2001

##### **U.S. NAVY**

Name: //SIGNED//  
William Tayler

Title: Head, Energy & Utilities

Date: 23 Jun 2001